

## 2

## ESG Issues



Amidst the ever-changing business and technological environment, a company's competitiveness and sustainable values include an ability to adapt to social and environmental changes, effective management of important intangible assets, and creation of enterprise values as a foundation for sustainable development strategies. We develop a sustainable strategy blueprint and actively evaluate the governance, environmental, and social aspects, while implementing various improvement measures in the ESG aspects to facilitate the Company's sustainable development.

(GRI 2-9 、 2-13 、 2-16 、 2-17 、 2-23 、 2-24)

## 2.1 Sustainable Development (GRI 2-23)

CGPC follows the sustainable vision of the USI Group, which is “Creating sustainable values and developing a sustainable society.” We strive to continuously create and consolidate sustainable value through our core capabilities, thus contributing to social sustainability.

### 2.1.1 Corporate sustainability vision and goals

(GRI 2-23、2-16)

#### Sustainability vision

CGPC follows the [sustainable vision](#) of the USI Group, which is “Creating sustainable values and developing a sustainable society.” We strive to continuously create and consolidate sustainable value through our core capabilities, thus contributing to social sustainability. The three core strategies of R&D and innovation, stable operation, and social inclusion are the Company’s ESG principles and our sustainable development policy.

#### Sustainable Management Policy

We review the consistency of the analysis results of major issues with the Company’s ESG principles every year, have established sustainable management policies and goals based on the sustainable development policy, and review and discuss the achievement of annual performance targets.

#### SDGs

We examined the connection between the Company’s sustainability vision and the UN SDGs and identified 6 SDGs and 15 sub-targets as a sustainable development strategy, while working with internal and external stakeholders and business partners in the value chain to achieve inclusion and shared prosperity through participation and collaboration.

#### Major issue

The ESG task force gathers various concerning issues, conducts analysis on the level of stakeholders’ concern and internal impact on the company, and selects 8 issues as major issues for the company and reported them to the ESG Committee.

### 2.1.2 ESG strategy (GRI 2-9、2-13、2-16、2-23、2-24)



To pursue sustainable development, the three core strategies of the Company’s sustainability vision: R&D and innovation, stable operation, and social inclusion are the Company’s ESG principles as our sustainable development policy. The ESG task force collects various issues of concern every year, analyzes material issues as per stakeholders’ degree of concern and the level of the Company’s internal impact, and has established the sustainable development policies and goals. The analysis results should be consistent with the Company’s ESG principles. Meanwhile, the ESG task force examined the connection between the Company’s sustainability vision and the 17 Sustainable Development Goals (SDGs) set by the United Nations Sustainable Development Group and focused on 6 SDGs and 15 sub-targets as a sustainable development strategy, while working with internal and external stakeholders and business partners in the value chain to achieve inclusion and shared prosperity through participation and collaboration.

### 2.1.3 Grievance mechanism (GRI 2-3)


Aspect	Environmental	Social	Governance
Material Issues	<ul style="list-style-type: none"> <li>◆ <a href="#">Climate change and energy management</a></li> <li>◆ <a href="#">Water Resources Management</a></li> </ul>	<ul style="list-style-type: none"> <li>◆ <a href="#">Talent Attraction and Retention</a></li> <li>◆ <a href="#">Occupational Safety and Health</a></li> </ul>	<ul style="list-style-type: none"> <li>◆ <a href="#">Economic performance</a></li> <li>◆ <a href="#">R &amp; D and innovation</a></li> <li>◆ <a href="#">Intelligent Management</a></li> <li>◆ <a href="#">supply chain management</a></li> </ul>
Track Issues	<ul style="list-style-type: none"> <li>◆ <a href="#">Air Pollution Control</a></li> <li>◆ <a href="#">Waste Management</a></li> </ul>	<ul style="list-style-type: none"> <li>◆ <a href="#">Talent Development and Cultivation</a></li> <li>◆ <a href="#">Transportation Safety Management</a></li> </ul>	<ul style="list-style-type: none"> <li>◆ <a href="#">Product Quality</a></li> </ul>
Grievance Channel	<ol style="list-style-type: none"> <li><b>1. Internal grievances</b> File a complaint to the Occupational Safety and Health committee and the environmental safety unit.</li> <li><b>2. External grievances</b> File a complaint with the local competent authority (environmental, health and safety related units) through phone calls, visits or in writing. These complaints are received by the designated units within the CGPC’s premises. The environmental and safety units then verify the contents of the complaints.</li> </ol>	<ol style="list-style-type: none"> <li><b>1. Union</b> All union members can respond through the union if they have various suggestions for the Company or have questions about their own rights and interests.</li> <li><b>2. Labor-management meeting</b> CGPC has established a labor-management meeting in accordance with the law, which is attended by representatives of the management and labor, facilitating the communication between labor and management with positive assistance.</li> <li><b>3. Employee grievance mailbox</b> <ul style="list-style-type: none"> <li>◆ File a complaint orally or in writing to company.</li> <li>◆ File a complaint through the Occupational Safety and Health committee and the environmental safety unit.</li> </ul> </li> <li><b>4. External entities</b> File a complaint through the <a href="#">e-mail</a>, phone call, visits or in writing.</li> </ol>	<ol style="list-style-type: none"> <li><b>1. Report the grievances to the company’s executive team</b> Please refer to the respective chapters for detailed explanations (<a href="#">7.1 GRI Standards Index</a>).</li> <li><b>2. Audit Committee’s mailbox</b> The Regulations on the Handling of Reported Cases of Illegal and Unethical or Dishonest Conduct, specifying the reporting procedures and relevant confidentiality mechanisms, and reporting channels, including reporting in person, reporting by phone, and reporting by sending a letter, and a unit is designated for acceptance of such reports.</li> </ol>



## 2.1.4 Procedure of SDGs identification

As a member of the global world, CGPC needs to start from our core values and connect them with the UN SDGs. We identified the relevance to the SDGs in three stages and set relevant goals and included them in our business plan.



## 2.1.5 Response to the UN SDGs

SDGs	Sub-target	Policies	Target and plan	2025 target	2027 target	2030 target	Corresponding chapter
<b>3. Good Health and Well-Being</b> 	3.9	Establish a SOP of safety management to take care of employees.	Achieve zero disaster and zero disabling, and Implementing ISO 45001 with the involvement of all employees.	1. Disabling injury frequency rate (F.R.): 0  2. Contracted suppliers' occupational accidents (times): 0	1. Disabling injury frequency rate (F.R.): 0  2. Contracted suppliers' occupational accidents (times): 0	1. Disabling injury frequency rate (F.R.): 0  2. Contracted suppliers' occupational accidents (times): 0	<a href="#">6.4 Safe and Healthy Workplace</a>
<b>4. Quality Education</b> 	4.3 4.5	Fostering a safe, harmonious, and innovative environment that prioritizes learning and growth is crucial for CGPC's team to make progress. It is only through the continuous improvement of all employees' abilities that we can achieve advancement.	Increase training sessions	200 sessions	200 sessions	250 sessions	<a href="#">6.3 Talent Development and Cultivation</a>
<b>6. Clean Water and Sanitation</b> 	6.3 6.4 6.5 6b	Analyze and improve water consumption, recycle water for reuse, and reduce environmental pollution.	Water intensity of the plant (ton/ton)  R2 Water recycling rate per year increase 0.4%	3.74  81.0%	3.31  81.8%	3.19  83.0%	<a href="#">5.3 Water Resources Management</a>
<b>8. Decent Work and Economic Growth</b> 	8.2 8.3 8.5 8.7 8.8	Creating a happy workplace is a consistent commitment of CGPC.	Reduce employee turnover	≤ 2.8%	≤ 2.8%	≤ 2.7%	<a href="#">6.2 Talent Attraction and Retention</a>

SDGs	Sub-target	Policies	Target and plan	2025 target	2027 target	2030 target	Corresponding chapter
12.Responsible Consumption and Production 	12.4 12.5	Improve product quality and reduce cost, develop high value-added new products, reduce waste, and increase the recycling rate.	Promote circular economy to reduce waste and increase recycling rate.	1. Decreasing of waste generation per unit of production (kilograms/tons) : 0.0060	1. Decreasing of waste generation per unit of production (kilograms/tons) : 0.0050	1. Decreasing of waste generation per unit of production (kilograms/tons) : 0.0045	<a href="#">5.5 Waste Management</a>
				2. Recycling rate : 80%	2. Recycling rate : 85%	2. Recycling rate : 90%	
				3. Landfill rate : 20%	3. Landfill rate : 15%	3. Landfill rate : 10%	
			Actively implementing proposals for improvement and product quality improvement projects, as well as conducting research and development of highvalue-added new products, while promoting the use of eco-friendly materials.	1. Implemented proposals for improvement: 23proposals	1. Implemented proposals for improvement: 23 proposals	1. Implemented proposals for improvement: 24 proposals	<a href="#">3.5 Technology Research and Development</a> <a href="#">4.2 Product Quality</a>
				2. Product Quality Improvement Project :10 projects	2. Product Quality Improvement Project :11 projects	2. Product Quality Improvement Project :12 projects	
				5. New product development: 10 projects	5. New product development: 10 projects	5. New product development: 12 projects	
13.Climate Action 	13.3	Implement energy conservation and carbon reduction initiatives, reduce the impact of corporate operations on the environment, to achieve the goal of environmental friendliness, low pollution, and low energy consumption.	Advocating energy efficiency and carbon reduction in line with government policies, and gradually adopting renewable energy sources or purchase green energy.	1. Actively implementing energysaving and carbon reduction programs, utilizing low-carbon fuels and renewable energy sources (greenhouse gas emissions): 26.85(ten thousand metric tons of CO <sub>2</sub> e)	1. Actively implementing energysaving and carbon reduction programs, utilizing low-carbon fuels and renewable energy sources (greenhouse gas emissions): 28.99(ten thousand metric tons of CO <sub>2</sub> e)	1. Actively implementing energysaving and carbon reduction programs, utilizing low-carbon fuels and renewable energy sources (greenhouse gas emissions): 29.97 (ten thousand metric tons of CO <sub>2</sub> e)	<a href="#">5.2 Climate Change and Energy Management</a>
				2. Reducing the emission intensity of sulfur oxides(ton/kt): ≤ 0.003	2. Reducing the emission intensity of sulfur oxides(ton/kt): ≤ 0.003	2. Reducing the emission intensity of sulfur oxides(ton/kt): ≤ 0.003	
				3. Reducing the emission intensity of nitrogen oxides(ton/kt): ≤ 0.226	3. Reducing the emission intensity of nitrogen oxides(ton/kt): ≤ 0.224	3. Reducing the emission intensity of nitrogen oxides(ton/kt): ≤ 0.222	<a href="#">5.4 Air Pollution Control</a>
				4. Reducing the emission intensity of VOCs (ton/kt): ≤ 1.404	4. Reducing the emission intensity of VOCs (ton/kt): ≤ 1.393	4. Reducing the emission intensity of VOCs (ton/kt): ≤ 1.376	
				5. Reducing of Hazardous Air Pollutants (HAPs) (ton/kt): 0.068	5. Reducing of Hazardous Air Pollutants (HAPs) (ton/kt): 0.068	5. Reducing of Hazardous Air Pollutants (HAPs) (ton/kt): 0.067	

## 2.2 Sustainable Management Policy

(GRI 2-22、2-23、2-24)

CGPC, on the basis of sustainable development, business strategy, and corporate culture, incorporates the stakeholders' issues of concern into the factors for decision-making. With a focus on stakeholders' issues of concern, we continue to implement corporate sustainable development strategies in various aspects, including climate change and energy management, corporate governance, environmental protection, employee care, supply chain management, and social participation.

### 2.2.1 ESG Committee

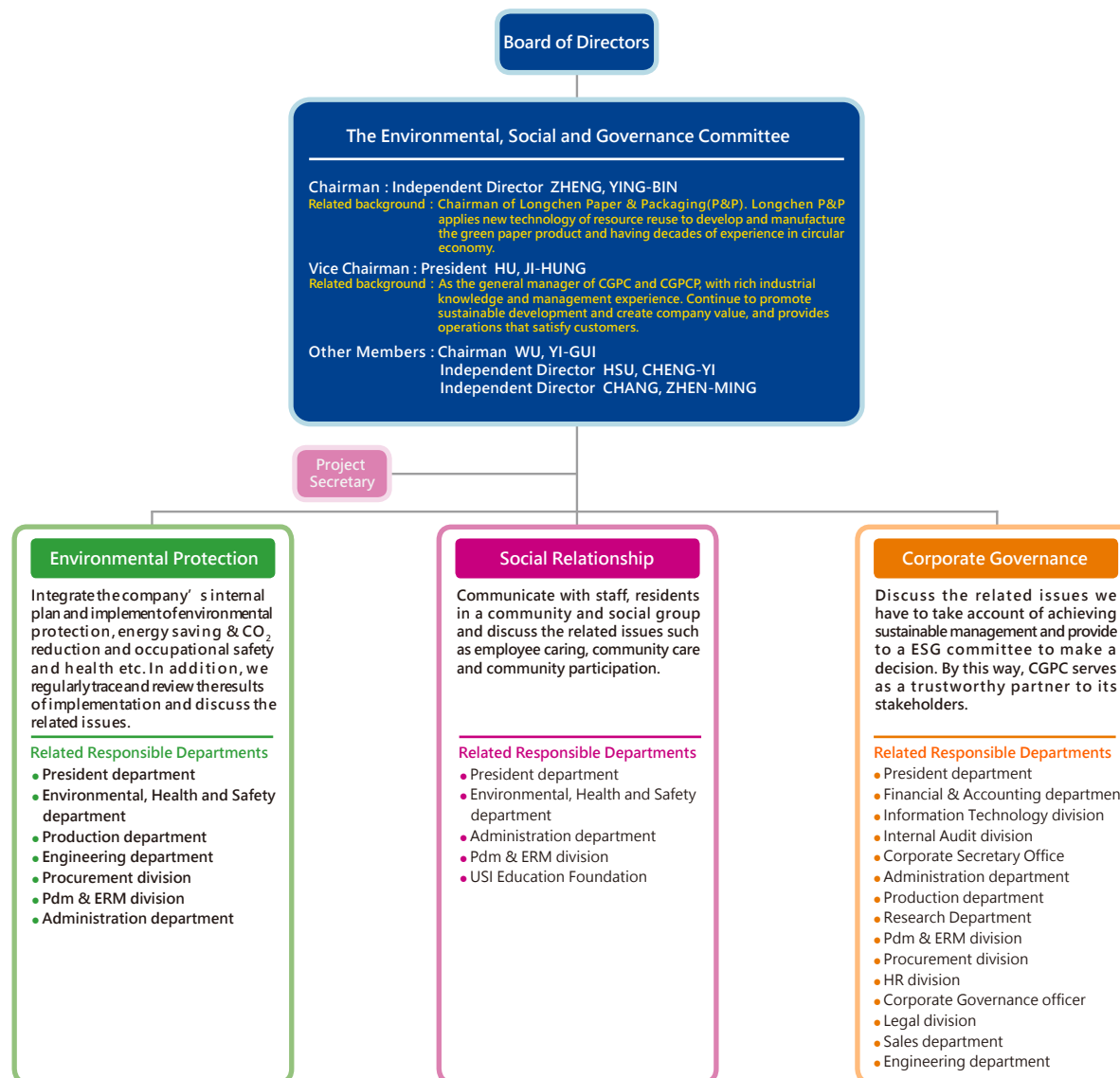
(GRI 2-10、2-11、2-12)

In 2015, CGPC formally established the ESG Committee, which was upgraded to a functional committee under the Board of Directors in 2017 as the highest guiding unit. Independent director Ying-Pin Cheng serves as the chair of the ESG Committee to regularly review ESG policies, strategies, goals, and action plans, while guiding the implementation and tracking the progress and performance improvement of each action plan. (See the minutes of [the committee meetings on the official website for details](#))

### 2.2.2 Organizational Structure of the ESG Committee

(GRI 2-9、2-13、2-14、2-16)

The ESG Committee holds two meetings annually, during which each operating unit provides sustainability-related information, including identification results of stakeholder, issues of concern and responses, material issues, ESG plans and execution outcomes. The ESG Core Team consolidates the information and reports to the Sustainability Development Committee through the Project Secretary, who subsequently presents the report to the Board of Directors. The Board of Directors oversees and reviews the management and performance of governance, environmental, and social aspects and providing guidance and direction on critical issues and instruct strategies for their implementation. The organizational structure and responsibilities are as shown in the figure:



Note 1: The statistics in this table are as of December 31, 2024.

Note 2: On June 2, 2025, the Company completed the re-election of the Sustainable Development Committee. Independent Directors Mr. Ting-Chang Wang, Mr. Cheng-I Hsu, and Ms. Chen-Ming Chang were appointed as members of the 4th-term Sustainable Development Committee. Mr. Ting-Chang Wang serves as the Chairperson of the Committee and acts as the convener and chair of its meetings.

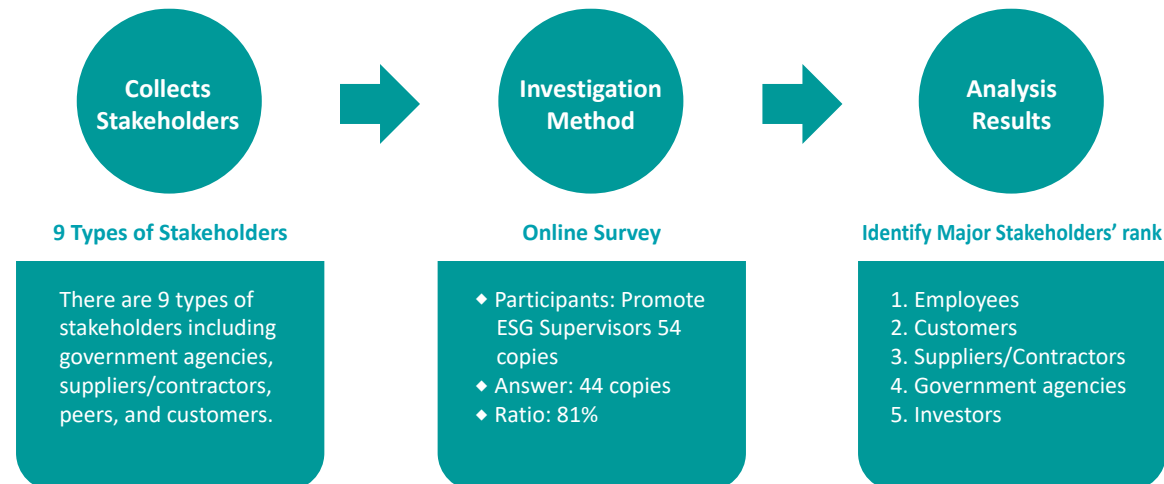
## 2.3 Identification of Major Stakeholders (GRI 2-29)

Our company adheres to the AA1000 Stakeholder Engagement Standards (SES) for stakeholder engagement, which are identified every two years. We assess the governance, economic, environmental and social issues and the impact on stakeholders, considering factors such as responsibility, influence, dependency, diverse perspectives and tensions. We conduct surveys using an online questionnaire targeting key stakeholders such as department managers. The results are then systematically organized using a weighted average scoring system. Based on this assessment, the identified stakeholders are ranked as follows: 1. Employees, 2. Customers, 3. Suppliers/contractors, 4. Government agencies, 5. Investors.

### Major steps for stakeholder engagement






### Major Analysis







### 2.3.1 Stakeholder communication management and issues of concern (GRI 2-29)

Stakeholders' identity information, issues of concern, communication channels, and response methods are submitted to the Board of Directors every year. (Please find the ESG webpage for each complaint unit: [Stakeholders' Contact Information](#))

Identification of Major Stakeholders	Significance of Stakeholders to the Company	Communication Channel/Frequency	Issue of Concern	Summary of CGPC's Response
<b>Employees</b> 	<p>Employees are the foundation of our sustainable development. We pay attention to the employment criteria, remuneration and benefits, training and evaluations and equal opportunities for promotion, while providing a grievance mechanism.</p>	<ol style="list-style-type: none"> <li>1. Performance interview/every six months</li> <li>2. Labor-management meeting/monthly</li> <li>3. Union labor representative assembly/annual</li> <li>4. Employee grievance mailbox processing/anytime</li> <li>5. Bulletin board and email/anytime</li> <li>6. Various work review meetings/weekly, monthly, and quarterly</li> <li>7. <a href="#">CGPC Family Newsletter</a>/every two months</li> <li>8. Birthday party, employee communicate/ from time to time</li> </ol>	<ol style="list-style-type: none"> <li>1. <a href="#">Economic performance</a></li> <li>2. <a href="#">Human rights and labor-management relations</a></li> <li>3. <a href="#">Occupational safety and health</a></li> <li>4. <a href="#">Talent development and cultivation</a></li> <li>5. <a href="#">Talent attraction and retention</a></li> </ol>	<ol style="list-style-type: none"> <li>1. Salary is adjusted based on the price index and individual performance (employees' average salary increase in 2024 was about 3.08%).</li> <li>2. The union holds meetings to communicate face-to-face with employee representatives regularly. 91% of employees participated in the union and signed <a href="#">a human rights protection policy</a>.</li> <li>3. The Occupational Safety and Health Committee meeting is held quarterly and a total of 17 <a href="#">critical occupational safety issues were discussed</a> in 2024.</li> <li>4. Named <a href="#">an excellent enterprise in training by the Taoyuan-Hsinchu-Miaoli Regional Branch, Workforce Development Agency, Ministry of Labor</a>. In 2024, a total of 258 people were subsidized by the Workforce Development Agency, Ministry of Labor. The total education hours were 125 hours and the subsidy received amounted to NTD 110 thousand.</li> <li>5. Senior executives engage with employees during quarterly birthday gatherings and hold irregular meetings with the labor union (12 times in 2024).</li> <li>6. The Company has responded to the suggestions made by stakeholders. Please refer to the <a href="#">CGPC Family E-newsletter, November-December issue</a>.</li> </ol>
<b>Clients</b> 	<p>Clients are CGPC's sources of revenue. We listen to their needs and collect market information and provide products and information in alignment with their needs in real time.</p>	<ol style="list-style-type: none"> <li>1. Sending samples/from time to time</li> <li>2. Product exhibitions/from time to time</li> <li>3. Visits, phone calls, emails, video conferences/anytime</li> <li>4. Client satisfaction survey/annually</li> <li>5. Client feedback and complaint response form/anytime</li> <li>6. <a href="#">CGPC Family Newsletter</a>/every two months</li> </ol>	<ol style="list-style-type: none"> <li>1. <a href="#">Economic performance</a></li> <li>2. <a href="#">Client relationship management</a></li> <li>3. <a href="#">Technology R&amp;D</a></li> <li>4. <a href="#">Product quality</a></li> </ol>	<ol style="list-style-type: none"> <li>1. We learn about <a href="#">clients' opinions</a> through the annual client satisfaction survey. In 2024, the number of clients responding to the survey who were "Satisfied" or above accounted for 98.7% of the total number of clients who responded to the survey (target was 90%).</li> <li>2. In 2024, new rubber product offerings included seats and soft leather upholstery for automobiles and motorcycles, TPE environmentally friendly materials, and soft leather for furniture. Sales of these new products accounted for approximately 5.4% of total rubber product sales.</li> <li>3. In 2024, there were 44 <a href="#">quality improvement proposals</a> and the resulting benefits reached NTD 6.09 million, and the amount of the resulting benefits increased compared to the previous year.</li> </ol>
<b>Suppliers/ Contractors</b> 	<p>Suppliers/Contractors are CGPC's important partners in sustainable development, affecting our production, services, and operations. We learn about suppliers' concerns through communication channels to reduce business risks and costs.</p>	<ol style="list-style-type: none"> <li>1. Review meeting/from time to time</li> <li>2. Supplier evaluation and commitment/annually or add manufacture.</li> <li>3. Contractor safety and health education and training/from time to time</li> <li>4. Industry exchange seminars/at least once a year</li> <li>5. Visits, phone calls, and emails/from time to time</li> <li>6. <a href="#">CGPC Family Newsletter</a>/every two months</li> </ol>	<ol style="list-style-type: none"> <li>1. <a href="#">Supply chain sustainable management</a></li> <li>2. <a href="#">Occupational safety and health</a></li> </ol>	<ol style="list-style-type: none"> <li>1. (1) Engage in meetings with suppliers from time to time to meet our needs for quality and transactions. (2) Conduct supplier evaluation once a year and inform them of the results. (3) Motivate suppliers to sign a social responsibility commitment. (4) Contact point: Mr. Chen, Material Planning Department at (02) 8751-6888 ext. 3771</li> <li>2. In 2024, a total of 4,091 participants completed safety training for contractors entering CGPC facilities. From 2022 to 2024, there were no contractor-related incidents reported at CGPC, TVCM, or CGPCP. (See CH6.4.4 Contractor Safety Management for details)</li> </ol>

Identification of Major Stakeholders	Significance of Stakeholders to the Company	Communication Channel/Frequency	Issue of Concern	Summary of CGPC's Response
<b>Government agencies</b> 	<p>Comply the relevant laws and regulations of government agencies, actively cooperate with the implementation of government policies and actively engage in two-way communication to gain its trust, support and collaboration opportunities.</p>	<ol style="list-style-type: none"> <li>1. Meet with regulatory authorities or correspondence with official documents / From time to time.</li> <li>2. Dispatch of employees to participate in public hearings, coordination meetings or regular meetings / From time to time.</li> <li>3. <a href="#">MOPS</a>/release as required</li> <li>4. <a href="#">CGPC Family Newsletter</a>/Every two months</li> </ol>	<ol style="list-style-type: none"> <li>1. <a href="#">Climate change and energy management</a></li> <li>2. <a href="#">Water resource management</a></li> <li>3. <a href="#">Air pollution control</a></li> </ol>	<ol style="list-style-type: none"> <li>1. In 2024, environmental and occupational safety penalties amounted to NTD 1.06 million (4 cases) and NTD 90 thousand (2 cases), respectively. All improvements have been completed, and we did not violate regulations in terms of product services, client relationships, or labor and human rights. (Please refer to <a href="#">CH3.4 Regulatory Compliance</a> for details)</li> <li>2. In recent years, we have actively promoted various improvement initiatives to strengthen the Company's operations. The specific measures are as follows: <ol style="list-style-type: none"> <li>2.1 <a href="#">Implemented Management System</a>.</li> <li>2.2 Established an <a href="#">Activated Carbon Fluidized Bed</a> to reduce VOC emissions, continuously promote circular economy practices, and lower carbon emissions (please refer to <a href="#">CH.5.1.3</a> and <a href="#">CH5.4</a> for details).</li> <li>2.3 Planning for climate change risk management (please refer to <a href="#">CH5.2</a> for details).</li> </ol> </li> <li>3. Established a water recycling system (HBF) , with a total recycled water volume of approximately 1,055.6 million liters in 2024. The R2 water recycling rate increased by 0.44% compared to the previous year. Please refer to <a href="#">CH5.3</a> for details.</li> </ol>
<b>Investors</b> 	<p>CGPC should provide every investor with fair access to the Company's material information, to disclose the Company's market value and sustainable development trajectory.</p>	<ol style="list-style-type: none"> <li>1. <a href="#">Shareholders' meeting</a>/annually</li> <li>2. <a href="#">MOPS</a>/release as required</li> <li>3. The Company's website "<a href="#">Investor Relations</a>"/Any time</li> <li>4. <a href="#">Annual report</a>/annually</li> <li>5. <a href="#">Financial statements</a>/quarterly</li> <li>6. <a href="#">ESG report</a>/annually</li> <li>7. <a href="#">Investor conference</a>/four times per year</li> <li>8. <a href="#">CGPC Family Newsletter</a>/every two months</li> <li>9. The Company's website "<a href="#">USI Joint Stock Network</a>"/Irregular</li> <li>10. Setup <a href="#">of whistleblowing mailboxes</a></li> </ol>	<ol style="list-style-type: none"> <li>1. <a href="#">Economic performance</a></li> <li>2. <a href="#">Client relationship management</a></li> <li>3. <a href="#">Technology R&amp;D</a></li> </ol>	<ol style="list-style-type: none"> <li>1. Annual shareholders' meetings and quarterly investor conferences held by the Company are held to report our operating results and future outlook to our shareholders and the public.</li> <li>2. Regularly disclose financial information on <a href="#">the MOPS of the Taiwan Stock Exchange</a> and <a href="#">the Company's website</a>.</li> <li>3. Set up <a href="#">the investor section</a> on the Company's website.</li> <li>4. Formulated the Business Integrity Practices to prohibit employees from unethical conduct.</li> <li>5. Established the Company's internal and external reporting channels and response systems to duly implement the Codes of Ethical Conduct and the Business Integrity Practices formulated by the Company and ensure whistleblowers' and relevant people's legitimate rights and interests.</li> </ol>

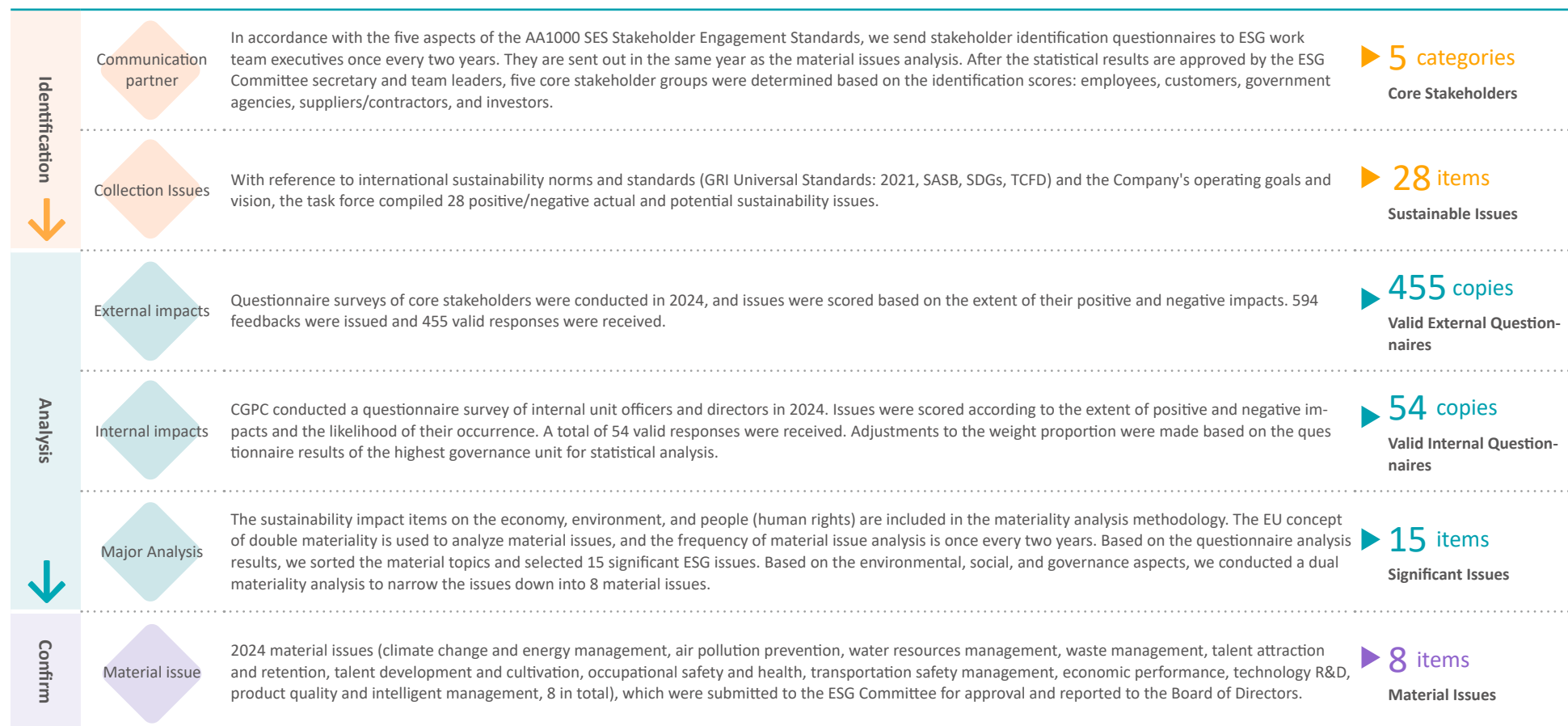
Note: [CGPC Family Newsletter](#) has been released once every two months (published after the middle of the second month) since March 2022.



## 2.4 Identification of Material Issues (GRI 2-23)

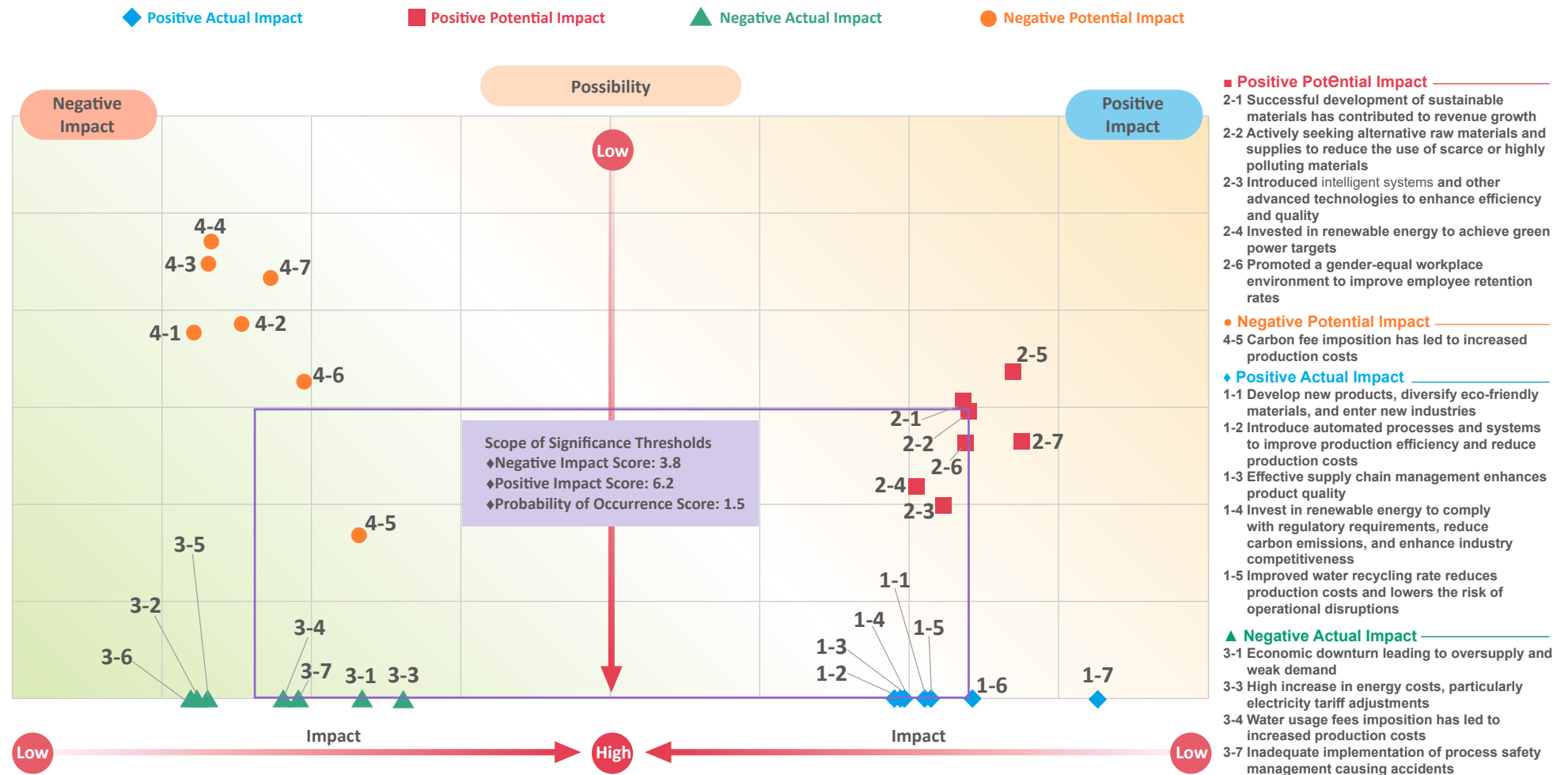
The Company followed the GRI Universal Standards to determine the three major steps of identification, analysis, and verification. A materiality analysis is performed every two years, and a dual materiality approach is incorporated. The sustainability topics analyzed were the “impact level to the company’s operations” and “the impact level on the economy, the environment, and people (including human rights)”. The identification process and results of material topics are discussed by the Group’s ESG experts, reported to the ESG Committee, and finally submitted to the Board of Directors for approval to ensure that the direction of sustainable operations and reported contents meet the concerns and expectations of internal and external stakeholders.

### 2.4.1 Process for determining material issues (GRI 3-1)



## 2.4.2 Major analysis (GRI 2-23, 2-25, 3-1, 3-2, 3-3)

To ensure the completeness of ESG issues, we made reference to the requirements of the GRI Universal Standards revision, SASB Chemical Industry Indicator Issues, SDGs, and domestic and international sustainability issue trends. There are 28 items gathered through several communication channels. A daily chart was created based on the “extent of impact” and “possibility of occurrence”, and the threshold of significance was set based on the ESG working group, the opinions of stakeholders, and internal and external experts, and 15 ESG issues were selected as “Significant Issues”.



Selection of Material Topics

CGPC classified the 15 significant Issues in terms of environmental, social, and governance aspects, and conducted a dual materiality analysis based on “the impact level on the Company's operations” and “the impact level on the economy, the environment, and people (including human rights)”, and converged them into 8 significant issues. Raised these material issues to the Board of Directors for approval and the outcome was reported to the ESG Committee.



## Positive and negative impacts of material issues

### 15 Significant Issues

### 8 Material Issues

ESG	Item	Issue orientation	2024 Issue items	ESG Issue
<b>E</b> Environ- mental	3-3	(Negative actual)	High increase in energy costs, particularly electricity tariff adjustments.	▶ <a href="#">Climate Change and Energy Management</a> (GRI 302 Energy) (GRI 2012 Financial Impacts and Other Risks and Opportunities of Climate Change)
	4-5	(Negative Potential)	Increased production costs due to carbon fees.	
	1-4	(Positive Actual)	Invest in renewable energy - meet regulatory requirements, reduce carbon emissions and improve industry competitiveness.	
	2-4	(Positive potential)	Invest in renewable energy - achieve green electricity goals.	
	1-5	(Positive Actual)	Improved water recycling rates - reduce production costs and mitigate operating disruptions.	▶ <a href="#">Water Resource Management</a> (GRI 303 Water and Effluents)
	3-4	(Negative actual)	Water consumption charges - Increased production costs.	
<b>S</b> Social	3-7	(Negative actual)	Process safety management is not implemented - causing accidents.	▶ <a href="#">Occupational Safety and Health</a> (GRI 403 Occupational Safety and Health)
	2-6	(Positive potential)	Promote an equal workplace environment for women - Increase the company's talent retention rate.	▶ <a href="#">Talent Attraction and Retention</a> (GRI 401 Employment Relations) (GRI 405 Employee Diversity and Equal Opportunity)
<b>G</b> Governance	3-1	(Negative actual)	Poor market conditions - oversupply and low demand.	▶ <a href="#">Economic Performance</a> (GRI 201 Economic Performance)
	2-1	(Positive potential)	Successful development of sustainable materials - Revenue expansion.	
	1-1	(Positive Actual)	Develop new products, diversify products - environmentally friendly materials and enter new industries.	▶ <a href="#">Technology Research and Development</a> (Custom theme)
	2-2	(Positive potential)	Actively seek alternative raw materials to reduce the use of scarce or highly polluting raw materials.	
	1-3	(Positive Actual)	Proper supply chain management - quality improvement.	▶ <a href="#">Supply Chain Management</a> (NEW) (GRI 308 Supplier Environmental Assessment) 、 (GRI 414 Supplier Social Assessment)
	1-2	(Positive Actual)	Introducing automated processes and systems - improving production efficiency and reducing production costs.	▶ <a href="#">Intelligent Management</a> (Custom theme)
	2-3	(Positive potential)	Introducing intelligent and other advanced technologies - improving efficiency and quality.	

## Description of remedies and preventive measures against negative impacts of material issues

Material issue	Considerate Aspects	Item	Significant Impact Items	Remedial and Preventive Measures for Material Issues' Negative Impact	Section
Climate Change and Energy Management	Negative Actual Impact	3-3	High increase in energy costs - electricity tariff adjustments	<ol style="list-style-type: none"> <li>1. Continuously replacing outdated equipment to improve energy efficiency</li> <li>2. Adjusting scheduling to shorten production preparation time and reduce energy waste during standby periods</li> <li>3. Conducting regular thermal imaging measurements to detect abnormalities early and arrange immediate improvements to reduce the probability of equipment breakdown.</li> <li>4. Performing annual maintenance and inspections to monitor equipment operation.</li> </ol>	<a href="#">5.2 Climate Change and Energy Management</a> <a href="#">5.3 Water Resources Management</a> <a href="#">5.4 Air Pollution Control</a>
	Negative Potential Impact	4-5	Imposition of carbon fees - increased production costs	By implementing control measures, developing a carbon reduction roadmap and improving equipment, the company aims to reduce greenhouse gas emissions and minimize its impact on climate change. It also aligns with national regulations on greenhouse gas reduction and management by adopting energy-saving and carbon reduction measures.	
Water Resources Management	Negative Actual Impact	3-4	Imposition of water usage fees - increased production costs	<ol style="list-style-type: none"> <li>1. Enhance water recycling efficiency</li> <li>2. Concentration Ratio Improvement for Cooling Towers</li> <li>3. Strengthen inspections and gradually add smart water meters to timely and promptly return water consumption-related data to improve water consumption management and leak tracking.</li> <li>4. The cost of replacing old water equipment with new products has been increased to 150 (tons/hour) from 100 (tons/hour), and the conversion rate of pure water has been increased (the maximum production of pure water is increased and water consumption is saved).</li> </ol>	<a href="#">5.3 Water Resources Management</a>
Occupational safety and health	Negative Actual Impact	3-7	Inadequate implementation of process safety management - resulting in accidents	<p>CGPC is committed to “Zero Occupational Accidents” as its safety goal and is dedicated to process safety management. To prevent potential incidents, we continue to strengthen our existing systems with the following specific measures:</p> <ol style="list-style-type: none"> <li>1. Improved management systems: Strict monitoring of disabling injury frequency rate and severity rate.</li> <li>2. Incentivizing safe behavior: Promote safety awareness through safe working hours reward programs.</li> <li>3. Risk-tiered control: Conduct risk assessments and apply control measures based on the severity of hazards.</li> <li>4. Enhanced safety systems: Implement stricter management systems such as PSM (Process Safety Management).</li> <li>5. Strengthened safety training: Provide regular training to improve employees’ emergency response capabilities.</li> <li>6. Comprehensive prevention mechanisms: Increase inspections and reinforce protection for high-risk processes.</li> <li>7. Open communication channels: Maintain close engagement with stakeholders.</li> </ol> <p>CGPC is committed to continuously improving safety management to ensure employee safety and fulfill its social responsibility.</p>	<a href="#">6.4 Occupational Safety and Health</a>

Material issue	Considerate Aspects	Item	Significant Impact Items	Remedial and Preventive Measures for Material Issues' Negative Impact	Section
Financial performance	Negative Actual Impact	3-1	Economic downturn - oversupply and weak demand	<p>Over the past decade, global petrochemical and plastic production capacity has expanded significantly, far exceeding market demand and resulting in oversupply. Since the onset of the U.S.-China trade war in 2018, the issue of overcapacity in mainland China has worsened. In response to the economic downturn, Chinese petrochemical and plastics manufacturers have resorted to aggressive low-price dumping, intensifying industry competition. This has not only squeezed global profit margins for petrochemical and plastic products but also prolonged the global industry cycle to approximately 3 to 5 years. At the same time, the outbreak of the COVID-19 pandemic further exacerbated China's economic decline. Domestic demand weakened significantly, intensifying the supply-demand imbalance and driving China's GDP growth rate down to 2.3% - 5.2% in 2023. Under these circumstances, Chinese PVC manufacturers have continued low-price dumping in an effort to survive, severely impacting the global PVC market and putting the resilience of Taiwanese companies to the test.</p> <p>In the face of these severe challenges, CGPC's management team is actively seeking breakthroughs. By introducing intelligent technologies, the Company has built process data models to identify optimal operating parameters and monitor process safety, enabling intelligent manufacturing through optimal process design and control. This has led to improved product quality, a safer working environment, and energy conservation and carbon reduction (for example, from June to September 2024, carbon reduction from a key dryer unit was equivalent to one-third the annual carbon absorption of Daan Forest Park). At the same time, CGPC has extended its industrial value chain by diversifying and upgrading its product offerings, such as antifouling leather, scratch-resistant leather, and slow-heating leather. In addition, with a focus on circular economy, the Company has developed recycled and low-carbon environmentally friendly products, such as eco-friendly recycled rubber, carbon black from scrap tire recycling, natural antibacterial and anti-mildew materials, aquaculture-solar hybrid pool liners, and fully recyclable TPO leather. These efforts aim to meet market demand, enhance industrial competitiveness, and safeguard the interests of investors and shareholders.</p>	<a href="#">3.2 Economic Performance</a> <a href="#">5.2 Climate Change and Energy Management</a> <a href="#">5.3 Water Resources Management</a> <a href="#">5.4 Air Pollution Control</a>

### 2.4.3 Changes in Material Issues (GRI 3-2)

The 2024 material issues are identified once every two years, with the most recent identification conducted in December 2024.

Aspect	Year	Material issue	Change status	Descriptions
Environmental	2023	Air pollution control	Currently well-managed, with ongoing monitoring	Key material topics such as Air Pollution Control, Waste Management, Transportation Safety Management, Talent Development and Training, and Product quality are currently being properly managed. However, we will continue to monitor these areas and adjust our management strategies as needed. In light of the increasing severity of global issues such as climate change and water scarcity, we will focus our efforts on the areas of energy and water resources management. In addition, in response to technological advancements and the importance of knowledge transfer, we place strong emphasis on talent attraction and retention, while strengthening occupational safety and health to ensure worker safety and enhance the Company's competitiveness and sustainability in the face of future challenges.
	2023	Waste Management		
Social	2023	Transportation Safety Management		
	2023	Talent development and cultivation		
Governance	2023	Product quality	New Topic	In recent years, the COVID-19 pandemic and shifts in the geopolitical landscape have disrupted global industrial supply chains. To strengthen supply chain resilience, CGPC is actively restructuring its production and sales deployment to ensure stable supply chain operations.
	2024	Supply chain management		



## 2.5 Description of material issues (GRI 3-3)

● Direct Effect ; ◎ Indirect Effect

Aspect	Material issue	ESG principles	Significance and Impacts on the Company	Corresponding to GRI Guidelines Major Topics	Material issue indicators	Short-term goals 2025	Mid-term goals 2027	Long-term goals 2030	Corresponding chapter	Value Chain Impacts (Stakeholder Impacts) Boundaries and Involvement Levels				
										Upstream		Corporate Governance	Downstream	
										Supplier Contractor	Government agencies	Employees	Clients	Investors
Environmental	Climate Change and Energy Management	Stable operations	With the deterioration of the environment and ecology, shortage of energy and natural resources, exacerbation of climate change and stricter government laws and regulations, the Company has continued to promote and implement energy conservation and carbon reduction initiatives and develop green products with practical actions, in order to achieve the Government agencies' requirements.	GRI 302:2016 Energy	GHG emissions (Unit: 10,000 tons CO <sub>2</sub> e/ton)	26.85	28.99	29.97	<a href="#">5.2 Climate Change and Energy Management</a>	●	●	●	●	●
					Energy Consumption per Core Product Unit (Note) Energy consumption (Unit: 10,000 tons CO <sub>2</sub> e/ton)	4.65	4.59	4.50						
	Water Resources Management	Stable operations	Continue to monitor the records of water withdrawal and water consumption and analyze and improve them, use reclaimed water, reduce environmental pollution, and maintain employee and community residents' health and the ecological balance.	GRI 303:2018 Water and Effluents	Water Intensity of Plant Operations (Unit: ton/ ton)	3.74	3.31	3.19	<a href="#">5.3 Water Resources Management</a>	◎	●	●	◎	●
					Water recycling rate (Unit: %)	81.0	81.8	83.0						
Social	Occupational safety and health	Social inclusion	Establish an operation safety management system to strengthen and educate relevant concepts and prevent occupational accidents, to maintain employees' and contractors' health and safety.	GRI 403:2018 Occupational safety and health	Disabling injury frequency rate (F.R.)	0	0	0	<a href="#">6.4 Occupational Safety and Health</a>	●	●	●	●	●
					Severity of disabling injuries (S.R.)	0	0	0						
	Talent Attraction and Retention	Social inclusion	Employees are CGPC's foundation for sustainable development. The Company firmly believes that only when employees are satisfied can we continue to hit new highs. Therefore, we are committed to creating a happy workplace for our employees.	GRI 401:2016 Employment GRI 405:2016 Diversity and Equal Opportunity	Overall employee turnover rate (Unit: %)	≤ 2.80	≤ 2.80	≤ 2.70	<a href="#">6.2 Talent Attraction and Retention</a>	◎	◎	●	◎	◎

Note: Core products: CGPC PVC Resin, TVCM VCM, and CGPCP PVC Resin.

● Direct Effect ; ◎ Indirect Effect

Aspect	Material issue	ESG principles	Significance and Impacts on the Company	Corresponding to GRI Guidelines Major Topics	Material issue indicators	Short-term goals 2025	Mid-term goals 2027	Long-term goals 2030	Corresponding chapter	Value Chain Impacts (Stakeholder Impacts) Boundaries and Involvement Levels				
										Upstream		Corporate Governance	Downstream	
										Supplier Contractor	Government agencies	Employees	Clients	Investors
Governance	Financial performance	Stable operations	It is the foundation of the Company's sustainable development, enabling shareholders to obtain reasonable return on investment and the Company to have sufficient resources to take care of employees. The Company also creates mutually beneficial and win-win relationships with partners, to facilitate the growth of both society and the Company.	GRI 201:2016 Financial performance	Risk management	<b>Short-term:</b> Focus on immediate financial risks and market volatility to ensure liquidity. <b>Mid-term:</b> Adjust business models to maintain competitive advantage and ensure agility in responding to challenges. <b>Long-term:</b> Continuously monitor changes in laws and regulations to ensure corporate compliance, and assess the potential impact of policy changes on business operations.			<a href="#">3.2 Economic Performance</a>	⊙	●	●	⊙	●
	Technology Research and Development	R&D and innovation	R&D and innovation are the foundation of the Company's sustainable development. Improve process technology and quality, reduce costs, understand market needs, develop new products with high added value, and enhance market competitiveness. Strengthen the trust of our customers and suppliers in our company.	Self-defined topic	New Product development (Unit: cases)	10	10	12	<a href="#">3.5 Technology Research and Development</a>	⊙	⊙	●	●	●
	Supply chain management (new topic)	Stable operations	As a leading domestic enterprise, CGPC is committed to sustainable development. Our operational strategies are designed with consideration for both social and environmental impacts. We work hand in hand with suppliers and partners to create mutually beneficial relationships that drive shared growth for both the Company and society.	GRI 308 Supplier environmental assessment GRI 414 Supplier social assessment	Signing rate of existing supplier commitment letters (Unit: %)	100	100	100	<a href="#">4.3 Supply Chain Management</a>	●	●	●	●	●
					Local procurement rate (Unit: %)	≥ 70%	≥ 70%	≥ 70%						
Intelligent Management	Stable operations	By implementing intelligent systems, optimizing process technology and management, and achieving energy savings and carbon reduction, we aim to enhance competitiveness and move towards sustainable operations. This approach enables product consistency and contributes to the economic, environmental and societal needs, meeting the requirements of various stakeholders.	Self-defined topic	Intelligent automation projects (Unit: cases)	7	7	8	<a href="#">3.6 Intelligent Management</a>	●	●	●	●	●	